THE
Dan Smoot Report

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DAN SMOOT

THE SQUANDERING BUREAUCRACY

In the February 5, 1968, issue of this *Report*, I said: "The General Accounting Office has repeatedly supplied information proving that corruption, inefficiency, and bureaucratic stupidity waste billions of dollars taken from taxpayers for defense."

A few specifics:

—The Navy paid Westinghouse $38.434 million for 1100 radio transmitters developed for the military; but the same quantity of a commercial model of the same transmitter (which would have done the same job) would have cost $12.429 million.

—The Army's Corps of Engineers paid $575 thousand for outboard motors to replace new and unused motors, then in storage, which had cost $321 thousand.

—The Air Force spent $4 million on a missile fuel plant for which it had no use.

—The Air Force paid $600 million for electronic gear, but, at inventory time, could account for gear worth only $436 million. The Air Force had lost electronic gear which cost taxpayers $164 million.

—Army officials paid $2.9 million for radiation measuring devices, knowing, before the first production contract was granted, that the devices were not suitable for Army use.

—When Robert McNamara became Secretary of Defense, he cancelled the Skybolt missile program, on which the Air Force had already spent $400 million.[1]

More than $4 billion have been spent on research and development of a Nike-X anti-missile system, which the Johnson administration will not allow the military to produce and deploy. No one knows how many billions McNamara wasted by granting the TFX contracts (to the *highest* bidder) for a plane which the military did not want — a plane which has cost billions more than originally anticipated, and which is still not suitable for Navy use, inadequate for Army and Air Force.

The General Accounting Office has repeatedly told Congress that *illegal* operations of military commissaries cost taxpayers a minimum of $150 million a year. The Defense Department and Congress deny that there are any illegal operations, though the facts prove the GAO charge to be true.

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The facts are that a 1953 law prohibits the establishment of military commissaries in areas where essential groceries can be obtained at reasonable prices from other sources. The illegal commissaries costing taxpayers $150 million a year are those located in the United States, near areas where there is an abundance of supermarkets.[2]

In one fiscal year, according to the Comptroller General of the United States, the government spent $1 million to operate a mountain recreation retreat in Hawaii, for military personnel and their families *stationed in Hawaii.* The government also provided transportation from the Honolulu area to the facility, which is on the island of Hilo. The Comptroller General said that only 8% of the military personnel in Hawaii actually used the recreation retreat during the year when its operation cost taxpayers $1 million plus transportation costs.[3]

Representative Richard Poff has disclosed that a British firm sold 47 radar predictors to the Defense Department for $2,145,739.60. Before they were uncrated, the predictors were declared surplus. The British firm bought the predictors back from the Pentagon for $114,500 (about 5% of what it had sold them for), then resold them to Portugal for $493,500. We gave Portugal the $493,500 (plus shipping costs) to make the purchase.[4]

Senator William Proxmire says "thousands of defense contractors" are wasting "hundreds of millions of dollars a year" by using Defense Department property for their own gain. The Defense Department, and contractors specifically named, deny the charges; but Proxmire says his evidence comes from a 15-month investigation conducted by the General Accounting Office.[5]

A GAO spot-check of 53 Defense Department contracts over a 2-year period revealed that the Department had been overcharged $60.9 million. U. S. Representative Porter Hardy said the 53 contracts examined were 5% of the total granted during the period and that, if the same ratio of overcharges applied to the other 95%, the Defense Department was overcharged $1.2 billion in 2 years — or, probably, even more, since many contracts not examined were larger than any of the 53 that were spot-checked.[1]

Representative Otis Pike has revealed that the Defense Department wastes many millions of dollars a year in "small contracts" purchases, by paying more than list price for items it buys. A few examples:

—The Defense Construction Supply Center in Columbus, Ohio, paid $194.30 each for 9 gears that were listed in the manufacturer's catalog for $3.43 each.

—The Army Electronics Command paid $18.27 each for gear clamps that the manufacturer sold to other customers for $1.80 each. It paid $6.25 each for 110 thumbscrews that were listed in the manufacturer's catalog for 65 cents each.

—The Defense Department paid Sterling Instruments Company of Mineola, New York, $33,368.00 for generator control knobs that Sterling had bought from Federal Pacific Electric Company for $210.60.[6]

The Defense Department is not the only agency that wastes oceans of tax money. B. Price, a veteran Washington correspondent for the Associated Press, estimates that "ineptitude and ignorance" in the federal bureaucracy have wasted about $100 billion in the last 20 years — building roads that go nowhere, shipping hay-balers to deserts where nothing grows, stockpiling goods that are not needed.[7]

Representative Richard Roudebush has publicized innumerable instances of ridiculous government squandering on projects which are not only unconstitutional but are entirely outside any reasonable concept of what government should do with tax money, even if government had constitutional authority for such expenditures. Here are recent examples:

12,700 tax dollars for publication of a study on the bird life of Texas; 41,400 tax dollars to Princeton University to study "Changes in English Social Class Structures"; 93,300 tax dollars to the Carnegie Institute of Technology to study "political research and data program on France

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and Italy"; 29,000 tax dollars for a study of the social behavior of fish; 79,500 tax dollars to the University of Texas for publication of *The Handbook of Middle American Indians*; 11,200 tax dollars to study the social life of blackbirds; 46,000 tax dollars to the New York Botanical Garden to study plants along the Amazon River in Brazil; 13,500 tax dollars for the study of the social behavior of old-world monkeys in the Caribbean; 23,700 tax dollars to a team of American zoologists to study the life cycle of the ostrich in Africa; 33,000 tax dollars to the University of Michigan for a study of Australian crickets.[8]

The National Endowment for the Arts granted 200,000 tax dollars for the purchase of tickets to Broadway shows which need a subsidy to keep going. This grant was made on the same day (January 29, 1968) that Johnson submitted a $186.1 billion budget to Congress, calling it a "tight budget" and calling upon the American people to accept a tax increase and other sacrifices.[8] Congress appropriated $11.2 million for subsidies to "worthy" American artists, authors, and playwrights last year. For fiscal 1969, Johnson has asked for $22 million.[9]

Representative Henry Reuss has revealed that the Johnson administration gives millions of dollars a year to our prosperous "allies" to finance research which, if they want conducted, they should pay for themselves. Here are some projects which Reuss has publicized (and which *you* are paying for):

$40,000 to Australians to study the perspiration problem of Australian aborigines; $78,000 to Canadian scientists to study the odors of ocean fish; $50,000 to an English scientist to transport one American woman to England, there to study her color blindness; $11,000 to a Canadian for writing a history of dynamic psychiatry.[10]

Senator John Williams has also publicized many cases of ridiculous (and illegal) squandering of tax money. For example, the Department of Health, Education and Welfare gave $159,000 to the University of Florida to teach mothers how to play with their babies.[11]

Such sums may seem small in comparison with other government spending; but consider what they mean to *taxpayers*. More than 190 average American taxpayers must work all year to pay enough federal income tax to raise the $200,000 that is spent on Broadway shows not good enough to survive in the free market. Thirteen average American taxpayers must work all year to finance the study on the social behavior of old-world monkeys in the Caribbean. Thirty-one taxpayers must work all year to pay for the study of Australian crickets. Twenty-two taxpayers must work all year to pay for the study on the life cycle of the ostrich.

Moreover, the cost of the bureaucracy that administers this "minor" giving away of our money is probably greater than the giveaways themselves. For example, government agencies spend $425 million a year, according to Representative Poff, just to keep publicity and public relations personnel on the payroll — grinding out propaganda, at our expense, to convince us that the government is doing a good job for us.[12]

In his February 15, 1968, *Reports From Washington*, Representative Roudebush gave the following revealing information about "economy" in Johnson's Great Society:

"During the closing days of the first session of the 90th Congress, a resolution was adopted requiring a 2-percent reduction in the number of civilian employees on the Federal payroll.

"The President signed this resolution and thereby accepted the recommendation of Congress that there be a reduction in the payroll . . . .

"In his budget proposal for the new fiscal year the President requested an increase of 45,600 new Federal workers.

"Only 3,000 of these extra 45,600 employees are scheduled for the Defense Departmnt. The other 42,600 workers will be absorbed into the patronage-rich Great Society agencies if Congress approves LBJ's request.

"With but one exception, Johnson is seeking an increase in personnel during fiscal 1969 [beginning July 1, 1968] for every Government agency, and that single exception is the Selective Service System, which is scheduled for a reduction of 300 employees.

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"Congress asked the administration, 'How can you reconcile telling the American people that you're cutting the payroll 2 percent and at the same time, and in the same message, ask for an increase of 45,600?'

"The administration response: 'It's very easy. We reduced 2 percent below what we would have asked for if Congress had not passed the resolution.'"

Since 1954, our foreign giveaway of food (under Public Law 480) has averaged more than $2 billion a year. Eisenhower called the program Food for Peace. Johnson calls it Food for Freedom.

We even pay shipping costs on the food we give away abroad. The recipient countries pay nothing except the cost of unloading the food in their own ports (which includes fees for docking the ships to be unloaded).

In 1967, Senator Ernest Gruening discovered a minor swindle in the Food for Peace Program. Some countries pay (in their own currency and to their own people) the unloading costs on food we give them — then get reimbursement from us, *in dollars*. In 1967, according to Senator Gruening, several foreign nations thus cheated us out of some $5 million — by getting us to reimburse them for unloading costs which they were supposed to pay.

Gruening gave State Department officials specifics on this racket, and asked them to get some of the money back from countries that have bilked us. The officials said we could not do that, because it "would adversely affect the balance of payments of these countries . . . . [and] be a serious blow to them."

Gruening retorted: "What about *our* balance of payments? . . . Recovering these unwarranted payments running into many millions would decidedly help *our* balance of payments." He got no reply.[13]

Why does the Senator waste time (and more of our tax money) trying to save $5 million a year? The entire Food for Peace program is illegal, because the Constitution grants the federal government no authority for such activity. Why not save us $2 billion a year by abolishing the illegal program?

Congress should not only reject Johnson's demand for a tax increase, but should give us a multi-billion dollar tax reduction by stopping the illegal squandering of our money. If this Congress will not do it, let's elect a Congress that will.

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FOOTNOTES

(1) "Pentagon Projects Without Purpose Cost Heavily," by B. Price, *The Dallas Morning News*, Mar. 18, 1965, Sec. 1, p. 16

(2) UPI dispatch from Washington, *The Dallas Morning News*, Dec. 26, 1964, Sec. 1, p. 15

(3) AP dispatch from Washington, *The Dallas Morning News*, Nov. 26, 1964, Sec. 1, p. 7

(4) "Quick Profits," editorial, *The Dallas Morning News*, Aug. 25, 1963, Sec. 3, p. 2

(5) "Proxmire Links 23 Contractors To Defense Waste," by Neil Sheehan, *The New York Times*, Jan. 6, 1968, pp. 1, 7

(6) "The Nuts & Bolts Scandal," by Jack Anderson, *Parade*, Oct. 29, 1967, pp. 10, 22

(7) "100 Billion Waste," *Human Events*, Apr. 3, 1965, p. 13

(8) Various ptess releases and *Reports from Washington* issued by U. S. Rep. Richard L. Roudebush (Indiana Republican)

(9) UPI dispatch from Washington, *The Dallas Morning News*, Feb. 28, 1968, p. A7

(10) Article by Fulton Lewis, Jr., *Shreveport Journal*, Dec. 30, 1965, p. A4

(11) *The Shreveport Times*, Aug. 1, 1967, p. A3

(12) *Report From Washington*, by U. S. Rep. Richard H. Poff (Virginia Republican), May 8, 1967

(13) "LBJ Should Halt Waste in U.S. Food Gifts," from the Allen-Scott Report, *Human Events*, Feb. 10, 1968, p. 7

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